

Message Text

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ACTION AF-08

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

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FM AMEMBASSY LAGOS

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E. O. 11652: N/A

TAGS: ECON, NI

SUBJ: INDIGENIZATION IMPLEMENTATION - FIRST STEP

REF : LAGOS 7532

1. NIGERIAN ENTERPRISES PROMOTION BOARD WITH HELP OF POLICE CLOSED 122 EXPATRIATE BUSINESSES ON AUGUST 14 IN MOVE TO FULFILL CHIEF OF STATE OBASANJO'S PROMISE THAT QTE DEFAULTING ENTERPRISES UNQTE (IN REGARD TO SCHEDULE I OF THE 1972 INDIGENIZATION DECREE) WOULD BE QTE SEALED UP AND TAKEN OVER WITH IMMEDIATE EFFECT UNQTE (REFTEL). CLOSURE OPERATIONS WENT SMOOTHLY. NO VIOLENCE REPORTED. MOST IF NOT ALL FIRMS WERE REOPENED JULY 19 UNDER INTERIM JOINT FMG/ALIEN OWNER MANAGEMENT.

2. BUSINESSES WILL BE SOLD TO NIGERIANS DURING INTERIM PERIOD WHICH IS EXPECTED TO LAST UNTIL AUGUST 14. MEANS OF CALCULATING VALUE OF FIRMS OR METHODS OF SALE NOT YET CLEAR, BUT FMG WILL RESERVE 2 PERCENT OF SALE PROCEEDS TO COVER ITS CLOSURE/JOINT OPERATION COSTS.

3. NO U.S. FIRMS AMONG THE 122 BUSINESSES CLOSED. MOST OTHERS

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ARE SMALL SCALE OPERATIONS OWNED BY LEBANESE OR INDIAN NATIONALS

WHO AS EXPECTED SEEM TO BE TAKING LOSS WITH EQUANIMITY.

4. NIGERIAN REACTION, AS EXPECTED, IS FAVORABLE. FOREIGN
BUSINESSMEN BEGRUDGINGLY ADMIT TO FAIRNESS OF FMG ACTION.
NONETHELESS, WE AND MOST OTHERS VIEW SALE OF THE SMALL BUSINESSES
AS SIDESHOW AND CONSIDER INDIGENIZATION NEGOTIATIONS BETWEEN
BANKS AND FMG AS MORE SIGNIFICANT.
CROSBY

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